

How California Seniors Will Be Helped by the Health Care Security and Cost Reduction Act (ABx1 1)

The California Legislature is considering significant reforms in health care coverage and it is likely that California voters will be asked to endorse these reforms on the November 2008 ballot. The measure is complex and far reaching, touching on most of the methods, programs and problems affecting how Californians access health care.

Conventional wisdom has been that the 4+ million seniors covered by Medicare are unaffected by the reforms since they are often specifically excluded from provisions of the legislation. A closer look at the proposal reveals, however, that California seniors will see significant help with the care they receive and the costs they face if the Health Care Security and Cost Reduction Act is approved by the Legislature and California voters.

Expanded and Strengthened Public Insurance Programs

Among the most important reforms in ABx1 1 is the significant expansion envisioned in Medi-Cal (California's Medicaid program). Nearly one fourth (1.1 million) Medicare recipients are also enrolled in Medi-Cal because they are low income. They rely on Medi-Cal for care not covered by Medicare, which may include individual share of costs, dental or vision care. Many thousands of those between 50 and 65 are also eligible for the full range of services provided under Medi-Cal. The proposed changes will help seniors in a number of ways.

1. Medi-Cal provider rates will be increased to more closely conform to rates paid by Medicare. This significant reform should make it easier for Medi-Cal enrollees to find more providers who will accept them and help stabilize such providers, expanding access to care.
2. Medi-Cal income eligibility and asset tests will be eased, making more low-income 50-65 year olds eligible for coverage.
3. Easing of recertification requirements will mean more low-income seniors can remain on Medi-Cal.

4. For the first time, childless adults will be covered by Medi-Cal, initially receiving care through public safety net providers...meaning they will no longer be uninsured.

Insurance Market Reforms

Another important reform in ABx1 1 calls for changes in the way insurance companies do business in California.

1. Individuals seeking health insurance policies would no longer be denied or charged based on the pre-existing medical conditions of applicants. This is of huge importance to those between 50 and 65 because older people are far more likely to have a history of medical conditions affecting their insurability. They are far more likely to experience one of several common chronic diseases such as diabetes, heart/cardiovascular problems, high blood pressure and others. Today these conditions usually prevent older people from getting coverage regardless of price. The proposals will ban medical underwriting and phase in community rating so that prices will be made more affordable.
2. Those seniors still in the private insurance market will benefit from ABx1 1's provision to limit the amount of profit and overhead costs which can be passed on to the insured through premiums.
3. Everyone, including seniors, will gain from the reform that will organize the health insurance market into standard tiers of coverage with benchmark plans to help consumers make better comparisons of cost and coverage.

Cost Containment

Controlling the spiraling costs of health care is of huge importance to seniors. The steady drumbeat for "reform" of Medicare (essentially, making changes that will reduce coverage or increase cost) is driven by projections showing more people eligible combined with never-ending increases in the cost of care. Securing Medicare means controlling health care costs. To this end, the Health Care Security and Cost Reduction Act contains a number of provisions which will help protect Medicare and hold down the out-of-pocket costs which seniors face.

1. By covering 95% of all Californians with some form of health insurance, ABx1 1 will significantly reduce the present practice of shifting the cost of caring for the uninsured to people with insurance...which includes people with Medicare. This is one of the fundamental goals of reform and one which will help preserve Medicare for seniors. Even the controversial individual mandate will help to end the hidden tax of the cost shift.
2. Instituting e-prescriptions and electronic medical records will bring down costs and have the added bonus of reducing medical errors that kill thousands of seniors each year.

3. A new focus on disease management, intense efforts to control diabetes and obesity, and initiatives to promote individual and community wellness will help hold down the long-term cost of health care. It will also help control the cost of treating these problems in the existing senior population.
4. New and significant provisions to collect and report data will bring new transparency about the cost and quality of health care providers. This will allow all consumers, including seniors who use the health care system far more than most, better information to make informed choices.

Affordability

The new system put in place under ABx1 1 provides access to affordable, quality health care coverage to millions of Californians, including seniors not yet eligible for Medicare. Older workers will be guaranteed that their employers will provide coverage or make payments which make them eligible for a new state-organized insurance pool with good coverage and affordable rates. The pool will have various tiers of coverage and be able to negotiate for discounts on prescription drugs.

The reform bill also contains a special provision to help non-working early retirees to pay the often higher cost of health insurance until they are old enough for Medicare coverage.

Summary

New coverage for seniors, holding down the cost of health care, better access to insurance for those who are sick, protecting the future of Medicare. These are the ways the Health Care Security and Cost Reduction Act will help California seniors. These are the reasons why the Congress of California Seniors strongly supports passage of these landmark reforms.